

November 16, 2009
Minutes of the Region 9 Special Committee Meeting

Filed subject to approval

Attendees: Wendschuh, Logie, Poltrack, Sullivan, Ken Hyne of USI Advisors (via Telephone 860-989-2215), Lloyd Wang – USI Actuary, and Bob Manley

1. Call to Order @ 5:32 PM in JBHS Guidance Office.
2. Approval of 7/30/09 minutes – Wendschuh, Logie – unanimous.
3. No public comment.
4. Lloyd Wang reviewed the Actuarial Valuation for the Plan Year beginning 7/1/09. Highlights include:
 - a. Liabilities are known, asset values are hard to predict.
 - b. A smoothing method over a 5 year period is consistently applied to smooth out abnormal returns of the investment portfolio in an attempt to compute level contributions over time.
 - c. FYB 6/30/10 Contribution made is \$370K, Preliminary Est. FYB 6/30/11 Contribution is \$390K.
 - d. Contribution is based on an assumed portfolio return of 7.25%. 10% on equities constituting 60% of the portfolio, 6% on fixed income constituting 40% of the portfolio less operating expenses. Mr. Wang states this is consistent with his other clients.
 - e. Wendschuh highlighted some minor inconsistencies within the report and other minor corrections.
 - f. Motion to accept Report – Wendschuh, Logie - unanimous
5. Ken Hyne presented a quarterly portfolio performance review. Highlights include:
 - a. On a relative basis, portfolio is 1.7% ahead of the blended index for the quarter and 9% ahead of the blended index for the year (pg 23 of report). Portfolio is up approx 14% for the quarter and 25% for the year, recovering the 2008 debacle.
 - b. Most funds performed relatively well this past quarter.
 - c. Funds with high quality companies have not performed relatively as well.
 - d. Sentinel, ING Small Cap Value and Vitrus Funds to be watched closely.
 - e. Jennison Natural Resource Fund (sector recommended by Logie) did very well this past quarter.
 - f. The new reporting format of each fund was presented as seen on pgs 38-59.
 - g. Fund Value is \$2,227,674 as of 11/15/09. Up \$15K from 6/30/09 value, after two months worth – approx \$70K of distributions.
6. Revised Investment Policy reviewed and discussed. Minor change on page 6 to change “Natural Resources” to “Other”. Motion to adopt IPS with modification – Logie, Wendschuh – Unanimous.
7. Public Comment
 - a. Ken Hyne to provide dates for contribution and actual trade date of \$318K.
 - b. Open issue of whether approx \$20K from 6/30/09 surplus is allowed to be used to fund net pension obligation of district. Atty Fred Dorsey is reviewing legality of this allocation.
 - c. 2010 Regular Meeting Dates set: 1/25/10; 4/26/10; 7/26/10; 10/25/10

- d. Preliminary discussion has taken place with consultant to explore possibility of converting Pension Plan from DB to DC over time, subject to many parameters and discussion with union.
 - e. Wendschuh expressed thanks to Poltrack for years of service on Region 9 BOE. AOP noted that many necessary improvements have taken place on the Region 9 Board and sub committees with the help of many others.
8. Adjournment – Logie, Wendschuh – unanimous@ 6:37PM.

Respectfully submitted,
Art Poltrack, Acting Secretary